

**ASSEMBLY BILL**

**No. 86**

**Introduced by Assembly Member Florez**

July 23, 2001

---

---

An act to amend Section 60022 of the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy.

LEGISLATIVE COUNSEL'S DIGEST

AB 86, as introduced, Florez. Diesel fuel tax.

The Diesel Fuel Tax Law, with respect to diesel fuel, as defined, imposes a tax at specified rates, upon the removal, entry, sale, delivery, and use of each gallon of diesel fuel, as defined.

This bill would revise the definition of diesel fuel for those purposes to exempt the water portion of a diesel fuel and water emulsion, as specified. The bill would also revise the definition of diesel fuel to eliminate references to the manner of use of the diesel fuel.

This bill would take effect immediately as a tax levy.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

*The people of the State of California do enact as follows:*

- 1 SECTION 1. Section 60022 of the Revenue and Taxation  
2 Code is amended to read:  
3 60022. (a) "Diesel fuel" means any liquid that is commonly  
4 or commercially known or sold as a fuel that is suitable for use in  
5 a diesel-powered highway vehicle. A liquid meets this  
6 requirement if, without further processing or blending, the liquid

1 has practical and commercial fitness for use in the engine of a  
2 diesel-powered highway vehicle.

3 ~~However, vehicle. However,~~ a liquid does not possess this  
4 practical and commercial fitness solely by reason of its possible or  
5 rare use as a fuel in the engine of a diesel-powered highway  
6 vehicle. ~~“Diesel fuel”~~

7 (b) *“Diesel fuel”* does not include kerosene.

8 ~~“Diesel fuel” includes any combustible liquid, by whatever~~  
9 ~~name the liquid may be known or sold, when the liquid is used in~~  
10 ~~an internal combustion engine for the generation of power to~~  
11 ~~operate a motor vehicle licensed to operate on the highway, except~~  
12 ~~fuel that is subject to the tax imposed in Part 2 (commencing with~~  
13 ~~Section 7301) or Part 3 (commencing with Section 8601).~~

14 (c) *“Diesel fuel”* does not include the water in a diesel fuel and  
15 water emulsion of two immiscible liquids of diesel fuel and water,  
16 which emulsion contains an additive that causes the water droplets  
17 to remain suspended within the diesel fuel, provided the diesel fuel  
18 emulsion meets standards set by the California Air Resources  
19 Board.

20 SEC. 2. This act provides for a tax levy within the meaning of  
21 Article IV of the Constitution and shall go into immediate effect.

O